

SECURITIES ESCROW AGREEMENT (SCOR)

This Escrow Agreement is made and entered into this _____ day of _____, by and between _____, a _____ corporation, hereinafter referred to as "The Issuer", and _____, hereinafter referred to as the "Escrow Agent" and _____, security holder of the above Issuer, hereinafter referred to as "Security Holder".

WHEREAS, a Registration statement, pursuant to Act 265 of the Public Act of 1964, as amended, has been filed with the Office of Financial and Insurance Services, Michigan Department of Consumer & Industry Services seeking effective registration under the law of the offering and sale of the following securities of the Issuer.

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price

AND WHEREAS, one of the requirements of the Department for registration of the above securities is that certain securities be deposited in escrow.

NOW, THEREFORE, in compliance with the above mentioned requirement and in consideration of the mutual promises, agreements, and undertakings herein outlined, the following conditions (the "Conditions") by and between the parties are agreed to as follows:

- (1) Security Holder shall deposit with the Escrow Agent the following securities of which he is the sole owner beneficially and of record: Certificate numbered _____ representing _____ shares of common stock of the Issuer.
- (2) The securities while in escrow:
 - (a) Will not share in assets in dissolution or liquidation until and unless the remaining Security Holders have been paid a liquidating dividend equal to the public offering price.
 - (b) Will not be assigned, sold, transferred, or disposed of except by will or pursuant to the laws of descent and distribution either in whole or in part and in the case of every such transfer, the transferee shall execute an escrow agreement identical to this agreement and shall redeposit the securities in escrow under the same terms.



Michigan Department of Labor & Economic Growth

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, political beliefs or disability. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

Visit OFIS online at: www.michigan.gov/ofis Phone OFIS toll-free at: 1-877-999-6442

Authorized under Act 265, PA 1964, as amended. This form may be required as a condition to effectiveness of registration.

- (c) Shall not share in any cash dividend or distribution unless the same is paid out of earned surplus and in furtherance hereof, the Security Holder agrees to donate into the treasury of the Issuer any such dividend or distribution not paid out of earned surplus; this condition shall no longer apply if and when all other security holders have received a liquidating dividend equal per share to the offering price of the securities registered as noted above.
 - (d) May participate in a stock dividend but in that event the Security Holder agrees forthwith to deposit any share so received in escrow upon the same terms as herein set forth.
 - (e) Upon the exercise by any Security Holder of his or her conversion rights, warrants or options to acquire additional securities of the Issuer, the additional securities received from the exercise of such warrants or options shall be deposited in escrow with the Escrow Agent, and shall be subject to the terms and conditions of this Agreement.
 - (f) May be canceled, transferred or released from escrow by the Michigan Office of Financial and Insurance Services in whole or in part. None of said securities shall be canceled without the consent of the Security Holder.
- (3) The Escrow Agent shall release to the Security Holder these securities uncanceled upon any of the following events:
- (a) The Issuer has earned an average annual net income per share according to generally accepted accounting principals of 6%, or greater, of the public offering price (based on the average number of shares outstanding during the period as determined by an audit made by an independent certified public accountant) on the class of securities held in escrow for a two year period beginning after the completion of the public offering.
 - (b) The market price of the class of securities held in escrow, as determined from the quotations issued on such class of securities in the NASDAQ System, remains above the greater of the public offering price or \$5.00 per share over any period of six consecutive months beginning at least six months after the completion of the public offering.
 - (c) The passage of three years from the date on which the public offering is completed.
 - (d) Receipt of the order of the Michigan Office of Financial and Insurance Services ordering that the securities be released from escrow. Such order may be issued by the Office upon a showing by the Issuer or Security Holder that equity demands such release.
- (4) The Issuer shall furnish or cause to be furnished to the Division of Securities of the Office of Financial and Insurance Services copies of all executed securities escrow agreements.
- (5) The Escrow Agent shall keep a record, simultaneously with the receipt of each such deposit of securities, of the names and addresses of each Security Holder and the amount of their respective interest.
- (6) A written request for termination of the escrow, based on the satisfaction of either paragraph

(3)(a) or (3)(b) above, shall be forwarded to the Office. A request for termination of the escrow based upon paragraph (3)(a) shall be accompanied by an earnings per share calculation audited and reported on by an independent certified public accountant. If the provision of either (3)(a) or (3)(b) is satisfied, the Administrator shall direct the Escrow Agent to release the Securities to the Security Holder.

(7) The foregoing notwithstanding, the Securities shall be released by the Escrow Agent:

- (a) If the public offering has been terminated and no securities were sold, or,
- (b) If a public best efforts minimum-maximum offering is terminated without sale of minimum offering and all proceeds have been returned to investors in such offering.

(8) Upon making delivery to the Security Holder of the securities held in escrow pursuant to paragraph (3) above of this Agreement, the Escrow Agent shall be released from any further liability, it being expressly understood that liability is limited by the terms and provisions set forth herein and that by acceptance of this Agreement, Escrow Agent is acting in the capacity of a depository, and is not as such responsible or liable for the sufficiency, correctness, genuineness or validity of the instruments presented to it.

(9) The following legend will appear on the reverse side of the escrowed certificates:

THESE SECURITIES MAY BE TRANSFERRED ONLY UPON THE AUTHORIZATION OF AND ACCORDING TO THE INSTRUCTIONS OF THE COMMISSIONER, OFFICE OF FINANCIAL AND INSURANCE SERVICES, MICHIGAN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES.

The issuer shall be responsible for placing the legend on the certificates.

- (10) Notice to the Security Holder, his heirs, or assigns, as to any action by the Office with reference to the securities held in escrow by the Escrow Agent shall be full and valid notice if sent by certified mail, prepaid, addressed to the Security Holder at the last address furnished in writing to the Office by the issuer with reference to the securities held in escrow.
- (11) Escrow Agent is authorized to act in reliance upon the sufficiency, correctness, genuineness or validity of any instrument or document or other writing submitted to it hereunder and shall have no liability with respect to said matters. Escrow Agent shall not be responsible for the marketability of any title. Escrow Agent shall not be liable for any error in judgment or for any act done or omitted by it in good faith. In the event of any dispute or question arising hereunder, Escrow Agent shall not be liable if it acts or takes no action in accordance with the opinion of its legal counsel.
- (12) Escrow Agent's fee shall be paid in advance by the Issuer. The Issuer and Security Holder agree to indemnify and hold harmless the Escrow Agent from any costs, damages, expenses or claims, including attorney's fees, which Escrow Agent may incur or sustain as a result of or arising out of this Escrow Agreement or Escrow Agent's duties relating thereto and will pay them on demand; and the Escrow Agent is hereby given a lien upon, and security interest in, the Property deposited in this Escrow, to secure Escrow Agent's rights to payment or reimbursement.

- (13) In the event of any disagreement or the presentation of adverse claims or demands in connection with the securities, Escrow Agent shall, at its option, be entitled to refuse to comply with any such claims or demands during the continuance of such disagreement and may refrain from delivering any item affected thereby, and in so doing, Agent shall not become liable to any party hereto, or to any other person, due to its failure to comply with any such adverse claim or demand. Agent shall be entitled to continue, without liability, to refrain and refuse to act:
- (a) Until all the rights of the adverse claimants have been finally adjudicated by a court having jurisdiction of the parties and the items affected thereby, after which time the Agent shall be entitled to act in conformity with such adjudication; or
 - (b) Until all differences shall have been adjusted by agreement and Agent shall have been notified thereof and shall have been directed in writing signed jointly or in counterpart by any party hereto and by all persons making adverse claims or demands, at which time Escrow Agent shall be protected in acting in compliance therewith.
- (14) The parties agree that the Escrow Agent may seek adjudication of any adverse claims or demands in either the Circuit Court for the County of _____, Michigan, or the United States Federal District Court for the _____ District of Michigan, agree to the jurisdiction of either of said Courts over their persons as well as the securities, waive personal service of process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth below each party's signature to this Agreement shall constitute adequate service.
- (15) The entire agreement of the parties is contained herein; any change in terms or conditions herein may be made in writing signed by all parties hereto. Escrow Agent shall not be charged with knowledge of any fact, including but not limited to performance or non-performance of any condition, unless it has actually received written notice thereof from one of the parties hereto or their authorized representative clearly referring to this Escrow Agreement. Escrow Agent shall send all notice to the parties by certified or registered mail, return receipt requested, addressed to the address shown below each such party's signature to this Agreement.
- (16) This Escrow Agreement shall be deemed to have been made under and shall be governed by the laws of the State of Michigan in all respects, including matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of the day and year first above written.

WITNESSES:

_____	By: _____	_____
		(ISSUER)
_____	By: _____	_____
		(ESCROW AGENT)
_____	By: _____	_____
		(SECURITY HOLDER)